
HOUSE BILL 2363

State of Washington 60th Legislature 2007 Regular Session

By Representatives B. Sullivan, Sells, Linville and Kelley

Read first time 02/27/2007. Referred to Committee on Finance.

1 AN ACT Relating to tax incentives for businesses that process
2 electronic waste; reenacting and amending RCW 82.04.440; adding a new
3 section to chapter 82.04 RCW; adding a new section to chapter 82.32
4 RCW; providing an effective date; and providing an expiration date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
7 to read as follows:

8 (1)(a) Upon every person engaging within this state in the business
9 of processing electronic products; as to such persons the amount of the
10 tax with respect to the business shall, in the case of manufacturers,
11 be equal to the value of products, including byproducts, manufactured,
12 or in the case of processors for hire, be equal to the gross income of
13 the business, multiplied by the rate of 0.2904 percent.

14 (b) Upon every person engaging within this state in the business of
15 selling, at wholesale or retail, electronic products processed under
16 (a) of this subsection where the person is subject to the rate in (a)
17 of this subsection for the processing of the electronic products; as to
18 such persons the amount of the tax with respect to the business shall

1 be equal to the gross proceeds of sales of the products multiplied by
2 the rate of 0.2904 percent.

3 (2)(a) The legislature finds that accountability and effectiveness
4 are important aspects of setting tax policy. In order to make policy
5 choices regarding the best use of limited state resources, the
6 legislature needs information to evaluate whether the stated goals of
7 legislation were achieved. A person taking the preferential tax rate
8 under this section shall make an annual survey to the department as
9 provided in section 2 of this act.

10 (b) The goal of the preferential tax rate under this section is to
11 encourage the recycling of electronic products.

12 (3) The definitions in this subsection apply to this section.

13 (a) "Electronic product" has the meaning provided in RCW
14 70.95N.020.

15 (b) "Processing electronic products" means disassembling,
16 dismantling, or shredding electronic products, at a facility owned by
17 the person, to recover materials contained in the electronic products
18 and prepare those materials for reclaiming or reuse in new products in
19 accordance with processing standards established under chapter 70.95N
20 RCW.

21 (4) This section expires January 1, 2013.

22 NEW SECTION. **Sec. 2.** A new section is added to chapter 83.32 RCW
23 to read as follows:

24 (1) Each person claiming a tax preference that requires a survey
25 under this section must report information to the department by filing
26 a complete annual survey. The survey is due by March 31st of the year
27 following any calendar year in which the tax preference is taken. The
28 department may extend the due date for timely filing of annual surveys
29 under this section as provided in RCW 82.32.590. The survey must
30 include the amount of the tax preference taken. The survey shall also
31 include the following information for employment positions in
32 Washington:

33 (a) The number of total employment positions;

34 (b) Full-time, part-time, and temporary employment positions as a
35 percent of total employment;

36 (c) The number of employment positions according to the following
37 wage bands: Less than thirty thousand dollars; thirty thousand dollars

1 or greater, but less than sixty thousand dollars; and sixty thousand
2 dollars or greater. A wage band containing fewer than three
3 individuals may be combined with another wage band; and

4 (d) The number of employment positions that have employer-provided
5 medical, dental, and retirement benefits, by each of the wage bands.

6 (2) The department may request additional information necessary to
7 measure the results of, or determine eligibility for, the tax
8 preference, to be submitted at the same time as the survey.

9 (3) All information collected under this section, except the amount
10 of the tax preference taken, is deemed taxpayer information under RCW
11 82.32.330. Information on the amount of tax preference taken is not
12 subject to the confidentiality provisions of RCW 82.32.330. If the
13 amount of the tax preference taken as reported on the survey is
14 different than the amount actually taken or otherwise allowed by the
15 department based on the taxpayer's excise tax returns or other
16 information known to the department, the amount actually taken or
17 allowed may be disclosed.

18 (4) If a person fails to submit an annual survey under this section
19 by the due date of the survey or any extension under RCW 82.32.590, the
20 department shall declare the amount of the tax preference taken for the
21 previous calendar year to be immediately due and payable. The
22 department shall assess interest, but not penalties, on the amounts due
23 under this section. The interest must be assessed at the rate provided
24 for delinquent taxes under this chapter, retroactively to the date the
25 tax preference was claimed, and must accrue until the taxes for which
26 the tax preference was claimed are repaid. This information is not
27 subject to the confidentiality provisions of RCW 82.32.330.

28 (5) The department shall use the information from this section to
29 prepare summary descriptive statistics by category. No fewer than
30 three taxpayers shall be included in any category. The department
31 shall report these statistics to the legislature each year by September
32 1st.

33 (6) For the purposes of this section, "tax preference" has the
34 meaning provided in RCW 43.136.021 and includes only the tax
35 preferences requiring a survey under this section.

36 **Sec. 3.** RCW 82.04.440 and 2006 c 300 s 8 and 2006 c 84 s 6 are
37 each reenacted and amended to read as follows:

1 (1) Every person engaged in activities that are subject to tax
2 under two or more provisions of RCW 82.04.230 through 82.04.298,
3 inclusive, shall be taxable under each provision applicable to those
4 activities.

5 (2) Persons taxable under section 1 of this act, RCW 82.04.2909(2),
6 82.04.250, 82.04.270, 82.04.294(2), or 82.04.260 (1)(c), (4), (11), or
7 (12) with respect to selling products in this state, including those
8 persons who are also taxable under RCW 82.04.261, shall be allowed a
9 credit against those taxes for any (a) manufacturing taxes paid with
10 respect to the manufacturing of products so sold in this state, and/or
11 (b) extracting taxes paid with respect to the extracting of products so
12 sold in this state or ingredients of products so sold in this state.
13 Extracting taxes taken as credit under subsection (3) of this section
14 may also be taken under this subsection, if otherwise allowable under
15 this subsection. The amount of the credit shall not exceed the tax
16 liability arising under this chapter with respect to the sale of those
17 products.

18 (3) Persons taxable as manufacturers under section 1 of this act,
19 RCW 82.04.240 or 82.04.260 (1)(b) or (12), including those persons who
20 are also taxable under RCW 82.04.261, shall be allowed a credit against
21 those taxes for any extracting taxes paid with respect to extracting
22 the ingredients of the products so manufactured in this state. The
23 amount of the credit shall not exceed the tax liability arising under
24 this chapter with respect to the manufacturing of those products.

25 (4) Persons taxable under section 1 of this act, RCW 82.04.230,
26 82.04.240, 82.04.2909(1), 82.04.294(1), 82.04.2404, or 82.04.260 (1),
27 (2), (4), (11), or (12), including those persons who are also taxable
28 under RCW 82.04.261, with respect to extracting or manufacturing
29 products in this state shall be allowed a credit against those taxes
30 for any (i) gross receipts taxes paid to another state with respect to
31 the sales of the products so extracted or manufactured in this state,
32 (ii) manufacturing taxes paid with respect to the manufacturing of
33 products using ingredients so extracted in this state, or (iii)
34 manufacturing taxes paid with respect to manufacturing activities
35 completed in another state for products so manufactured in this state.
36 The amount of the credit shall not exceed the tax liability arising
37 under this chapter with respect to the extraction or manufacturing of
38 those products.

1 (5) For the purpose of this section:

2 (a) "Gross receipts tax" means a tax:

3 (i) Which is imposed on or measured by the gross volume of
4 business, in terms of gross receipts or in other terms, and in the
5 determination of which the deductions allowed would not constitute the
6 tax an income tax or value added tax; and

7 (ii) Which is also not, pursuant to law or custom, separately
8 stated from the sales price.

9 (b) "State" means (i) the state of Washington, (ii) a state of the
10 United States other than Washington, or any political subdivision of
11 such other state, (iii) the District of Columbia, and (iv) any foreign
12 country or political subdivision thereof.

13 (c) "Manufacturing tax" means a gross receipts tax imposed on the
14 act or privilege of engaging in business as a manufacturer, and
15 includes (i) the taxes imposed in section 1 of this act, RCW 82.04.240,
16 82.04.2404, 82.04.2909(1), 82.04.260 (1), (2), (4), (11), and (12), and
17 82.04.294(1); (ii) the tax imposed under RCW 82.04.261 on persons who
18 are engaged in business as a manufacturer; and (iii) similar gross
19 receipts taxes paid to other states.

20 (d) "Extracting tax" means a gross receipts tax imposed on the act
21 or privilege of engaging in business as an extractor, and includes (i)
22 the tax imposed on extractors in RCW 82.04.230 and 82.04.260(12); (ii)
23 the tax imposed under RCW 82.04.261 on persons who are engaged in
24 business as an extractor; and (iii) similar gross receipts taxes paid
25 to other states.

26 (e) "Business", "manufacturer", "extractor", and other terms used
27 in this section have the meanings given in RCW 82.04.020 through
28 82.04.212, notwithstanding the use of those terms in the context of
29 describing taxes imposed by other states.

30 NEW SECTION. **Sec. 4.** This act takes effect October 1, 2007.

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